

Testimony:

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For Michigan House Appropriations Subcommittee on Transportation

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I am John Austin, Vice-President of the Michigan State Board of Education, now Director of the New Economy Initiative. I am also a Non-Resident Fellow with the Brookings Institution, and for the past three years have been heading the Great Lakes Economic Initiative, a multi-year effort to understand and promote policies and an agenda that can best help Michigan and the Great Lakes states succeed in today's global economy.

In that context I have authored a number of leading Brookings Institution reports that detail the economic condition and economic opportunities for our state and our region. The most recent report: *the Vital Connection: Reclaiming Great Lakes Economic Leadership in the Bi-National US-Canadian Region*, I have available for the committee.

My message today in the context of this hearing is simple: It is critical to our economic future for Michigan, with our Canadian partners, to join together and develop a 21st century transportation infrastructure, that consolidates and enhances our position as a world-leading bi-national trade location—and that signals and enables our ability to be a player in today's global knowledge economy. There are a number of facts that make this need clear:

- The 12 states and two provinces that constitute the bi-national Great Lakes Economic region are a huge centerpoint for both our nation's leadership in global trade;
- 39% of all US and Canadian exports to the world emanate from this region;
- Canada is the leading market for 39 of our 50 states; and is a larger market than the European Union, which has 10 times Canada's population;
- Trade has grown from 10% of our GDP to over 30% today;
- Our bi-national economic relationship with Canada is the largest on earth – over \$500 billion dollars a year in two way trade – larger than any other economic relationship on the planet; This trade is not so much us selling things to each other as making products together—that pass back and forth across the border as they are built- before we sell them to the world;
- Within that trade the Great Lakes states and provinces make up 62.3% of all this world-leading total trade;
- And as we know, that exchange is concentrated in just a few points of exchange—28% of that trade or over \$113 billion a year passes through the Detroit-Windsor border—and another \$35 billion at the Port Huron-Sarnia crossing. The trade, just at this crossing, is more significant than our trade with Japan and most every country on earth.

Southeast Michigan truly is at the crossroads of North America and the world.

However, this position is not a given. Right now this most significant bi-national transit point on earth consists of hard-to-access, aging, and under-repair bridge, and tunnel.

If Detroit and SE Michigan want to participate and lead in the global economy, we have to put in place the 21st century infrastructure that facilitates trade, commerce and the movement of goods and people.

If we don't do this, the opportunity to build on and reap the benefits of transportation and logistics business locating here; to use new bridge, rail, and multi-modal infrastructure to support community economic development, on both sides of the border; to signal we are joining the 21st century – will not occur.

The market and trade will go elsewhere—leaving Michigan in the dust.

It is embarrassing that two rich, technologically advanced countries, that trust each other and can work together—are stuck 50 years ago, while Europe builds a chunnel connecting France and Britain, the Chinese construct fabulous new train, rail, road and bridge infrastructure. Even Charleston South Carolina has a nice new bridge.

Our President, Presidential aspirants, prime minister, Congressional and Parliamentary leadership in the US and Canada need to understand -- that putting in place world class infrastructure in Detroit-Windsor and the Great Lakes is an economic imperative for the health of both countries economies, and essential for the economic vitality of Michigan, Ontario, Ohio, Pennsylvania and the rest of the region.

The Governor and her partners in Ontario, I believe need to elevate the attention to ensuring a world-class 21st century transportation infrastructure be put in place Detroit-Windsor, and help punch through the bureaucratic and turf battles to help make it happen.

Finally, you in the Legislature need to keep your eye on the main goal-- which is putting in place a highly functional, as well as beautiful marker of Michigan's transition to leadership in the knowledge economy.

I would also strongly encourage you consider how the infrastructure at this crossing a) accelerates and enhances efficiently the throughput of goods and people movement; b) is integrated with community economic development efforts to enhance the waterfront and neighborhood economic development on both sides of the border, and c) incorporates 21st century multi-modal opportunities connecting to freight and passenger rail as well as highway that can aid the region's development of a the new economy.